

A Guide to Small Business Legal Issues

Get the basics right in your small business

Your legal obligations as a business owner begin at the start-up phase and if you get them right first time, they will not only protect your business but also save you valuable money and stress! Whether you have been in business for a while, or just thinking of starting up a new business, check out my tips for getting the basics right:

1. Business Structure

Understanding the structure of your business is very important. There are 3 main forms of business structure: sole trader, partnership and company. Although it may seem easier to launch a start up as a sole trader or partnership, always remember that there is unlimited liability involved and you could end up being personally liable for the debts of the business. With a company you are protected, as it is the company that will be liable for the debts, not you. The disadvantage of a company is that it is more expensive to set up and has ongoing costs and reporting obligations.

2. Protecting Intellectual Property

This area is often overlooked in new business start-ups. Failure to pay adequate attention to both registering your IP and ensuring that other people don't profit from it, is an important consideration. If in doubt, seek legal advice. This extends to social media as well.

3. Contracts

Prior to establishment of a business, lots of agreements are made through a verbal agreement and a handshake. Unfortunately, this means nothing (at least legally) in the business world. Make sure that you are familiar with all of the basic business contracts so that you can make any agreement legally binding.

4. Insurance

Make sure you protect your business by having adequate insurance in place. Types and level of cover vary so do your research first and ensure you are adequately covered.

When starting up your business, adequate insurance cover is key and you should always consider public liability insurance. Public liability insurance protects you and your business against the financial risk of being found liable to a third party for death or injury, loss or damage of property or economic loss resulting from your negligence. The negligence may be the fact that you failed to warn a customer of a slippery floor or that you did not provide the correct advice which the customer relied upon.

I am often asked by my clients about the level of cover to take out. Always take into consideration the type of business that you operate and also the number of customers who

enter your premises. It is also good practice to consider any medical and ongoing expenses. For example if a child falls down the stairs at your office and suffers a severe injury, the costs could exceed \$10 million dollars.

Under insurance is the reason many business fail when circumstances change or misfortune occurs outside their control.

5. Employment Issues

Make sure you have processes and procedures in place for hiring the right staff, and also for any employee agreements and contracts. Making the right hire decision first time will save you time and money.

6. Licensing and Permits

Most businesses have licences and permits that have to be obtained and Australian, state, territory and local governments are responsible for different business licenses, permits, registrations and certificates.

Visit our website to download your free copy of the Small Business Law ebook and plenty of other information about your obligations as a business owner.

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